



How Long Does It Take to Build a Rig? And Why Aren't Rigs Cat 5 Certified?

Posted by [Prof. Goose](#) on September 28, 2005 - 11:55am

Topic: [Supply/Production](#)

After seeing questions about the durability of rigs, etc., one of our insiders wrote: "Halfin wanted to know how long it takes to build a drilling rig. A standard 20,000 foot land rig will take about a year, a mobile one like KOC uses in the desert will take 2 years." (much more under the fold, including the rig/cat 5 answer...)

At one time there were numerous rig building companies that simply built land rigs. As they closed up shop, the drilling contractors took on building their own rigs. Today, that is where we are.

If they build too many, demand drops and day rates decline. Any mention of potential lower oil prices halts rig building.

Offshore, a jackup rig will take 2-3 years and a semi 3-4 years.

Seeing that we just lost several shipyards along the Gulf Coast, well, the MODU's might have to be made elsewhere, meaning more time. And just like their cousins onshore, offshore rig building slows or stops if there is any hint oil prices might decline...

If you look at the rigs we lost in the Gulf this year, and then remove the 5 going to ARAMCO for their offshore project, we will be a few years just getting back the rigs we lost to the storms, and another few to replace those the Saudis leased. And that just gets us back to the number of rigs we had in 2004...

Murphy's Law is more obvious in a tight market...

On the Cat 5 question:

To survive a 100 foot wave will require platforms or rigs to be built to an extremely rugged standard, similar to Naval Vessels. It would effectively triple the cost, and as most platforms are expected to stay online from 5-10 years, this would drastically alter economics, delivery dates and lead times for projects. It will require the MMS to change rules and standards, which will, in and of itself, take years.

The simplest way would be to raise the structure up by a hundred feet above sea level, but then you place a much larger wind load on everything - it gets complicated in a hurry. But no matter how you slice it up, building for Cat 5 survival will entail more iron and larger structures - which means a lot more capital outlay against the expected reserves.



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